Phnom Penh buys for recovery

By Nayan Chanda

Hongkong: Since its furtive re-entry into the international market in 1976, Cambodia's foreign trade has shown dramatic growth. In 1977 the country's imports from Hongkong, Singapore and Japan – the only known non-socialist partners – jumped to US$19 million, 774% above the value of its imports in 1976. Although Cambodia's exports, too, have risen, they cover only 3.6% of the imports, the rest being paid for by Chinese aid.

By international standards, the volume of Cambodia's foreign trade is insignificant. But in view of Cambodia's initial isolation and its avowed goal of self-reliance, the growing volume of imports, the nature of imported goods and its trade imbalance are interesting indicators of its economic evolution.

In October 1976 the Cambodians set up a trading company in Hongkong, the Ren Fung Company – the country's first *de facto* trading mission abroad since the victory of the Khmer Rouge in 1975 (REVIEW, Dec. 10, '76).

The company, housed in a Peking-controlled bank building, purchased DDT to combat malaria and urgently-required spare parts to restore the transport and communications system. Cambodia has since expanded its commercial ties with Japan and Singapore and sizably enlarged its shopping list. Its other major trading partners are China, North Korea and Yugoslavia, though no figures are available on the size or nature of this business.

Hongkong is Cambodia's most important capitalist trading partner and an analysis of purchases provides interesting if limited clues to the direction in which the economy is moving. In 1976 Cambodia's main purchases in Hongkong were gunny bags and yarn, motor vehicles and spare parts and pharmaceutical goods. Cambodia also purchased a small quantity of wheat flour and other food products.

The most noticeable change in imports from Hongkong in 1977 was an increase in the purchase of industrial raw materials, chemicals, petroleum products and construction material and a substantial drop in the purchase of gunny bags and pharmaceuticals.

Topping Cambodia's shopping list in 1977 were chemicals required for processing agricultural goods, medicinal compounds and insecticides valued at US$4 million. A modern French-built pharmaceutical laboratory in Phnom Penh which was visited recently by Yugoslav journalists has apparently been producing drugs from imported compounds. Processing of rubber latex, too, has begun and Cambodia has exported a small quantity to Singapore and Japan.

In 1977 Cambodia also imported a quantity of textile yarn and iron and steel bars from Hongkong and Japan – items which were not on the shopping list in 1976. The yarn was for use in the restored textile mills in Phnom Penh and Kompong Cham, and the construction material for repairing damaged factories and building dams.

The most dramatic increase was in the import of petroleum products. From a bare US$8,000 in 1976 the value of Cambodia's petroleum product imports from Hongkong and Singapore rose to over US$3 million. There was also a sharp increase in the import of electrical generators and internal combustion engines for vehicles and pumps, as well as equipment for electricity distribution.

Since there is no sizable conurbation in Cambodia today, the expansion of electricity generation and other machinery imports seem connected with Cambodia's industrial recovery.

In a recent interview Cambodian Premier Pol Pot told Yugoslav journalists that Cambodia's objective was to export agricultural products so that it can import industrial products to serve both agriculture and industry. As an example, he said that Cambodia is now producing husking machines, threshing machines and hydraulic pumps with imported engines.

CAMBODIA TRADE

(US$)	1976	1977
Exports	357,000	680,000
Imports	2,456,000	19,013,000
Export growth rate		90.5%
Import growth rate		774.1%
Imports covered by exports	1976	14.5%
	1977	3.6%

CAMBODIA'S MAIN NON-COMMUNIST TRADE

(US$ '000)	Jan.-Dec. 1976	Jan.-Dec. 1977	Jan.-Mar. 1977	Jan.-Mar. 1978
Purchases from Hongkong	2,456	13,495	3,474	3,323
of which Hongkong products	*246*	*592*	*192*	*10*
Sales to Hongkong	nil	89	nil	nil
Purchases from Singapore	nil	1,617	nil	n.a.
Sales to Singapore	10	135	135	n.a.
Purchases from Japan	nil	3,901	4	nil*
Sales to Japan	347	456	110	50*

* January only.
Sources: Census and Statistics, Hongkong; Singapore Trade Statistics; Japan External Trade Organisation.

Pol Pot: Rice is everything.

Cambodian purchases in the first quarter of 1978 have shown a slight fall compared with the same period of 1977. There are, however, some shifts in import priority, due perhaps to the outbreak of open warfare between Cambodia and Vietnam in December last year.

Unlike 1976 or 1977, top on Cambodia's list this year have been frames and accessories of British-made motor vehicles, all of which were purchased in March. Next in importance have been materials for manufacture of rubber tyres. Cambodia has continued to import power generators, engines and petroleum products.

Compared to its rapid rise in imports, Cambodia's exports have been rather slow to pick up. Although this is unavoidable for a war-ravaged economy, Cambodia's serious trade imbalance does not square up with the country's avowed policy of independence and self-reliance.

Premier Pol Pot recently repeated the regime's slogan "If we have rice, we can have everything" and said: "Because our people can eat their fill, we have rice to export and we can import the products we need."

While refugees leaving Cambodia almost invariably complain of insufficient food, Cambodia's scant exports to non-socialist partners in 1977, totalling US$680,000, consisted mostly of rubber, kapok and dried fish, which do not support Pol Pot's claim.

Foreign observers generally agree that Cambodia has a reasonably good harvest in 1977 and in view of the complaint of undernourishment by Khmer refugees it is certainly likely that Cambodia has exported rice to China, North Korea and reportedly Malagasy (REVIEW, Oct. 7, '77). But since no figure is available for the value of these exports, it is difficult to evaluate the claim of Phnom Penh.

So far as Cambodia's trade with Hongkong, Singapore and Japan is concerned, Cambodian purchases have been made possible by foreign-exchange credit offered by China. A part of this credit may be repaid by the export of Cambodian goods to China but Phnom Penh's goal of total self-reliance remains far off and hard to achieve.